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Canada Tables Free Trade Agreement with Colombia

Engaging in a dynamic emerging market of 45 million people and an economy with high growth potential

(No. 98 - March 10, 2010 - 3:45 p.m. ET) The Honourable Peter Van Loan, Minister of International Trade, and the Honourable Jean-Pierre Blackburn, Minister of Veterans Affairs and Minister of State (Agriculture), today followed through on a commitment made in last week's Speech from the Throne by tabling legislation to implement the Canada-Colombia Free Trade Agreement. At the same time, the government is also tabling parallel labour and environment agreements with Colombia.

"International trade is critical to our economic recovery," said Minister Van Loan. "As we move beyond stimulus spending and diversify opportunities for Canadian business abroad, this free trade agreement will help Canadians prosper. At this time of global economic recovery, Canadians can count on our government to oppose protectionism and defend free and open trade on the world stage. Canadian businesses and workers can compete with the best in the world, and this agreement will help them do it."



Minister Van Loan meets with Ambassador Jaime Girón Duarte of Colombia

The Canada-Colombia Free Trade Agreement will provide greater market access for Canadian exporters of goods such as wheat, pulses, barley, paper products and heavy equipment. An increasing number of Canadian investors and exporters are entering the Colombian market, and it is also a strategic destination for Canadian direct investment, especially in mining, oil exploration, printing and education.

"The Free Trade Agreement, along with its parallel agreements on labour and the environment, is but one of several Government of Canada instruments that support Colombia's efforts toward greater peace, security and prosperity," said Minister Van Loan.

Under the Labour Cooperation Agreement, Canada and Colombia agree to respect and enforce internationally recognized labour standards and principles, such as freedom of association, the right to bargain collectively, and the elimination of child labour, forced labour and workplace discrimination. The Agreement on the Environment commits Canada and Colombia to pursuing high levels of environmental protection as the two countries intensify their commercial relationship, and to avoid weakening their environmental laws to encourage trade or investment.

This free trade agreement is part of a broader international trade strategy to improve Canadian companies' access to key international markets and to enhance opportunities for Canadian exporters and investors. Canada has free trade agreements in force with Chile, Costa Rica, the European Free Trade Association countries, Israel, Peru, and Mexico and the United States together. It has concluded free trade negotiations with Jordan and Panama. Canada is continuing trade talks with the Caribbean Community, Central America, the Dominican Republic, the European Union, India and the Republic of Korea.

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Backgrounder - Canada-Colombia Free Trade Agreement

On November 21, 2008, the governments of Canada and Colombia signed the Canada-Colombia Free Trade Agreement and parallel agreements on the environment and labour. If passed by Parliament, the agreements will open up new opportunities for Canadian business in Colombia by removing barriers to trade and investment. They will provide important benefits to both Canadians and Colombians.

Colombia is a dynamic emerging market with 45 million people in 2009 and an economy with high growth potential. Its gross domestic product grew 2.4 percent in 2008. Colombia's sound macroeconomic policy and improved security under its current leadership have generated favourable economic conditions. These have led to an increasing number of Canadian investors and exporters entering the Colombian market. In 2008, two-way merchandise trade between Canada and Colombia totalled more than \$1.3 billion, with hundreds of Canadian companies doing business with Colombia. Over 50 Canadian companies have invested in the country, principally in the mining, oil exploration and manufacturing sectors.

With the implementation of the free trade agreement, Canadians will benefit from better market access through the elimination of tariffs on goods. Colombia will, in some cases immediately and in others over a 5- to 10-year period, eliminate tariffs on 98 percent of current Canadian exports. Products that will enjoy immediate duty-free access to Colombia include wheat, barley, lentils, peas, beef, paper products and machinery and equipment. Colombia will also eliminate the use of its price band mechanism on selected products, including wheat, barley and pork.

Canadian importers and consumers will also benefit from the elimination of tariffs, in some cases immediately and in others over a 3- to 7-year period, on most imports from Colombia. Colombian manufacturers, exporters and producers will have opportunities to expand their exports into the North American market. Colombia's top imports to Canada include coal, coffee, crude oil and bananas.

The Free Trade Agreement will provide enhanced market access for service sectors of interest to Canada, including infrastructure, mining, energy and professional services. The Agreement commits Canada and Colombia to comprehensive disciplines for the financial services sector, including banking, insurance and securities. Both countries will encourage their domestic professional bodies to enter discussions on mutual recognition agreements, with engineering given priority.

The Free Trade Agreement also includes a comprehensive chapter on government procurement that will give Canadian suppliers a guaranteed ability to bid on a broad range of goods, services and construction contracts carried out by Colombia's central government entities. It will also ensure that practices remain transparent and fair for suppliers.

Two-way investment flows between Canada and Colombia will be promoted through reciprocal commitments. The Agreement will guarantee market access for Canadian investors in Colombia, and provide them with greater stability, transparency and protection for their investments. It includes obligations to ensure the free transfer of capital related to investment, to protect against unlawful expropriation, and to provide for non-discriminatory treatment of Canadian investments. Canadian investors will also have access to international arbitration to resolve disputes.

Canada-Colombia Labour Cooperation Agreement

The Labour Cooperation Agreement includes enforceable obligations and associated penalties, and sets a new standard with respect to the labour provisions of Canada's free trade agreements. Canada and Colombia have committed to ensuring their laws respect the International Labour Organization's Declaration on Fundamental Principles and Rights at Work of 1998, which covers the right to freedom of association and to collective bargaining, the abolition of child labour, the elimination of compulsory labour and the elimination of discrimination. Moreover, the parties committed to providing protections for occupational safety and health, as well as minimum employment standards such as minimum wages and overtime pay. Migrant workers will have the same legal protections as nationals with respect to their working conditions. Failure to respect the International Labour Organization principles and enforce domestic laws will be subject to penalties for violations. Any penalties will accrue to a special cooperation fund to help strengthen conformity to enhance and enforce workers' rights.

The Labour Cooperation Agreement respects provincial jurisdiction on labour matters, but provides Canada with the ability to immediately use the dispute resolution process. Canada is also offering its resources and expertise to help Colombia fully implement this agreement, and has announced a \$1 million labour-related cooperation program to that effect.

Canada-Colombia Environment Agreement

The Environment Agreement commits the parties to pursuing high levels of environmental protection, effectively enforcing their domestic laws and policies, and not weakening those laws in order to increase trade or investment. The Agreement further encourages the use of voluntary practices of corporate social responsibility, and reaffirms the parties' international commitments under the Convention on Biological Diversity.

Colombia has some of the most diverse biological resources in the world, and Canada is committed to working with the country to help protect and conserve these resources in a manner that respects, preserves, and maintains the traditional knowledge, innovations and practices of indigenous and local communities. The Agreement enables Canada and Colombia to work together to achieve the objectives and obligations of the Agreement and strengthen cooperation on mutually important hemispheric environmental issues.

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